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PROGRAMME PLANNING

Country and intercountry programmes and projects

# FIFTH COUNTRY PROGRAMME FOR MEXICO

| Programme period | Actual resources programmed | $ |
|---|---|---|
| January 1992-December 1996 | IPF (net) | 9 617 000 |
| | Estimated cost-sharing | 9 250 000 |
| | Total | 18 867 000 |

CONTENTS


| | | Paragraphs | Page |
|---|---|---|---|
| I. | DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES ..... | 1 - 15 | 2 |
| | A. Current socio-economic situation ..... | 1 - 7 | 2 |
| | B. National development objectives and strategies ... | 8 - 15 | 3 |
| II. | EXTERNAL COOPERATION ..... | 16 - 27 | 4 |
| | A. Role of external cooperation ..... | 16 - 20 | 4 |
| | B. Aid coordination arrangements ..... | 21 - 27 | 5 |
| III. | THE COUNTRY PROGRAMME ..... | 28 - 75 | 6 |
| | A. Assessment of ongoing country programme ..... | 28 - 34 | 6 |
| | B. Proposals for UNDP cooperation ..... | 35 - 69 | 7 |
| | C. Cooperation outside selected areas of concentration ..... | 70 | 15 |
| | D. Implementation and management arrangements ..... | 71 - 75 | 15 |

Annexes

| | | |
|---|---|---|
| I. | Financial summary ..... | 17 |
| II. | Programme matrix ..... | 19 |


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# I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

## A. Current socio-economic situation

1. Mexican development strategy underwent a qualitative change starting with what is referred to as the debt crisis in 1982, when the model based on import substitution reached a point of exhaustion and brought the economy to a state characterized by an excessive debt, extremely high fiscal and balance-of-payments deficits and severe structural imbalances.

2. In a complex process of profound structural transformations and growing internationalization, the Mexican economy has once again set out on the path of growth following the revival of productivity in nearly all sectors with the aim of raising the level of efficiency of the economy and developing the export sector. Within this context, the greater openness of Mexico toward the rest of the world is aimed at taking the best possible advantage of the changes that occur on the international scale.

3. In the area of public finance, progress has been made in lowering the public deficit, reducing the number of para-State enterprises and revising the tax system. The renegotiation of 63% of the external national debt resulted in a considerable flow of net external resources and helped to reduce the pressure exerted by the public sector on the domestic financial system, bringing about a drop in interest rates.

4. The Mexican economy has evolved favourably. The gross domestic product (GDP) showed an increase, in real terms, of 3.1% in 1989 and 3.9% in 1990; the consumer price index, which jumped 159.2% in 1987, rose only 19.7% in 1989.

5. The openness of the national market to imports coupled with external debt payments had resulted in a balance-of-payments deficit. In contrast to this, in 1990 sufficient foreign funds entered the country by way of investments and exports, with a rising trend in oil prices and the reactivation of certain sectors, especially the automotive sector. In addition, the expectations generated world-wide by the Free Trade Agreement between Mexico, the United States and Canada have been producing an ever-growing flow of investments into Mexico.

6. Adjustments to the economy have been accompanied by measures for meeting the demands of the social welfare of the population. In Mexico there are 41 million people, or approximately 50% of the population, whose minimum or essential needs are not satisfied; and of these, 17 million live in conditions of extreme poverty.

7. One of the fundamental priorities of Mexico's economic and social policy is a frontal attack on extreme poverty. Thus, in 1988 there was created the National Solidarity Programme, which has made significant advances in the following areas: food and supplies, health, education, housing, drinking water and sanitation, community electrification and urbanization, regularization of land tenure, rural roads and support to low-income producers.

## B. National development objectives and strategies

8. The National Development Plan 1989-1994 lays down the guidelines for programmes of the Federal Public Administration and seeks to direct actions in other spheres of government and of society.

9. The fundamental strategy of the Plan involves the modernization of the country with a view to achieving the four major national objectives: the defence of sovereignty and the promotion of the interests of Mexico in the world; the expansion of democratic life; economic recovery with price stability; and the productive amelioration of the standard of living of the population.

10. The first two objectives are clearly matters of national decision. In accord with the relevant authorities and in keeping with the major strategy of modernization, granting priority to the technical cooperation which Mexico receives means exercising its sovereignty, and the greater openness which Mexico is offering is a legitimate way of preserving Mexico's interests in the world.

11. For the achievement of the third objective, which relates to economic recovery, the strategy is based on three main policy lines: stabilizing the economy, increasing the availability of funds for productive investment, and modernizing the system of production in the various economic sectors.

12. Modernization of the production system is directly related to the development and use of state-of-the-art technologies; consequently, for receiving international technical cooperation, priority has been accorded to the areas of telecommunications, informatics, microelectronics, new materials and biotechnology, as well as to the area: water as an indispensable resource for development.

13. The fourth objective of the Plan, which involves raising the standard of living, is to be achieved by creating well-paid jobs and increasing worker buying power, meeting the basic needs of the population, protecting the environment, and eradicating extreme poverty.

14. In view of the necessary complementarity between economic and social questions, the Plan states that modernization would have no raison d'être if it were not reflected in an improvement of the social welfare and quality of life of the population, especially the needy. Within the strategy of the Plan's fourth objective, priority has been accorded, for technical cooperation received by Mexico, to the following areas: water as a vital element for social welfare; ecology and environment, with emphasis on the control of pollution in major population centres, on proper use of rivers, lakes and aquifers, and on turning the ecological management of the country into an effective instrument of environmental protection; and poverty and population, especially the eradication of extreme poverty.

15. In particular, in the field of foreign policy, the Plan establishes the general objectives for the international action of Mexico over the coming years, among which one might mention: (a) supporting the country's economic,

political and social development based on better integration of Mexico into the world, and (b) supporting and promoting every aspect of international cooperation as an essential instrument for enabling the community of nations to attain higher stages of understanding and development. Hence, we can pinpoint the following specific aims: (a) to enhance cooperation and concertation with the countries of Latin America, particularly those with which there exists a potential for complementarity, and (b) to promote bilateral and multilateral agreements on technical, scientific and cultural cooperation that will provide Mexico with easier access to new organization and production processes.

## II. EXTERNAL COOPERATION

### A. Role of external cooperation

16. In 1990 Mexico obtained technical cooperation from multilateral organizations amounting to more than $32 million, 9% of which were United Nations Development Programme (UNDP) resources. The principal contributions were those of the World Food Programme (WFP) - 36%; the Pan-American Health Organization and the World Health Organization (PAHO/WHO) - 15%; the United Nations International Drug Control Programme (UNDCP) - 12%; the United Nations Fund for Population Activities (UNFPA) - 9%; United Nations Children's Fund (UNICEF) - 9%; Food and Agriculture Organization of the United Nations (FAO) - 3%; the International Atomic Energy Agency (IAEA) - 2%; and the United Nations Organization for Industrial Development (UNIDO) - 1%. There are also programmes for lesser amounts with other specialized agencies of the United Nations system. The principal sources of bilateral technical cooperation were as follows: European Economic Community - $3.2 million.; France - $3.7 million; Germany - $3.1 million; Japan - $6.1 million; Spain - $3.5 million; United Kingdom - $1.4 million.

17. Starting in 1990, Mexico has witnessed the results of the Government's decision to attribute priority to six areas for receiving technical cooperation. The efforts made in this connection resulted in a significant number of international cooperation projects: water-20; biotechnology-8; ecology and environment-31; new materials-4; poverty-22; and telecommunications, informatics and microelectronics-8.

18. In Mexico, external credit is classified as financial support and does not receive the same treatment as technical cooperation funds. Solely for the sake of reference, in 1990 Mexico had $8 822 million in external financing, used primarily to finance the growing investment which the country needs, with 41% going to the public sector and 59%, to the private sector.

19. As for the cooperation granted by Mexico, the guiding idea is absolute respect for the needs expressed by applicant countries. For geographical reasons, and because of the sharing of common challenges and objectives, the Plan recognizes Latin America and the Caribbean as priority areas for its international activities, and first and foremost Belize and Central America. Mexico's new realities render it necessary to strengthen and broaden its ties

with those nations, owing to the intense process of reconstruction of their respective economies and the imperative of regional integration.

20. Central American countries have applied to Mexico for 544 technical cooperation projects, including 150 already completed, 83 in process of execution, 192 which are already approved and are to start shortly, and 119 in the negotiation phase. These actions required the assistance of 249 Mexican specialists, visits to Mexico by 397 Central American technicians and officials, and the training of 1 060 Central American technicians in 44 short courses and 4 seminars. All this has meant a donation by Mexico of $3.7 million, at market value.

## B. Aid coordination arrangements

21. The General Department of Technical and Scientific Cooperation of the Department of Foreign Affairs is primarily in charge of negotiating and executing basic and supplementary agreements for the establishment of multilateral and bilateral cooperation programmes, as well as evaluating their execution and performance, in coordination with the competent institutions of the public, social and private sectors.

22. In its capacity as coordinator of cooperation, the General Department of Technical and Scientific Cooperation formulated a national strategy for international cooperation received by Mexico, based on the definition of six priority areas: water; biotechnology; ecology and environment; telecommunications, informatics and microelectronics; new materials; and poverty and population. For this purpose, with the support of resources of the fourth UNDP programming cycle and the Organization of American States (OAS), in a pioneering exercise in joint endeavour in the region six preparatory projects were carried out, starting with the second half of 1989, with a view to formulating national technical cooperation programmes in each priority area, with thematic contents likely to qualify for cooperation from the international community.

23. Six groups of top-level experts were engaged in the realization of these projects, devoting themselves to the formulation of diagnoses of the present situation and development prospects, in both the national and international contexts, and identifying hierarchies, programmes and specific projects for the indicated priorities. An integrative project used the results thus obtained to extract elements for systematizing and homogenizing the country programmes for the formulation of an indicative framework of international technical cooperation, within which specific packages were designed, matching the requirements of the different sources offering bilateral and multilateral cooperation. Thanks to this strategy, projects were agreed on with various countries and technical and financial international organizations, some of them currently under way and others in the process of being negotiated, as indicated below in the paragraph on selected areas of concentration for UNDP cooperation (III. B. 3).

24. Concerning the cooperation which Mexico grants, there has been created by presidential decree a Mexican Commission for Cooperation with Central America,

within the framework of which the Department of Foreign Affairs seeks to achieve coordination among the public and private institutions that cooperate with the Central American region so as to be able to respond more quickly to requests for cooperation from countries and, in the short term, broaden the spectrum of cooperation actions. In this area there has existed a precedent since the end of 1988, namely the project "Support to Mexico's Production and Foreign-Trade Sector", jointly financed by UNDP and OAS.

25. Throughout this entire process, the Government and UNDP kept the various national and international actors in the area of technical cooperation duly informed. Thus, in July 1991 UNDP sent to the United Nations specialized agencies an advisory note prepared by the Government which included considerations regarding the country programme for the fifth cycle. In this way, the agencies have a frame of reference for the country's interests in the area of international technical cooperation.

26. In order to have a suitable instrument for the monitoring and evaluation of this coordination effort, the Government recently created a Coordinating Unit for the National Execution of Technical Cooperation Projects.

27. For the Government, UNDP plays a highly important role in the coordination of international technical cooperation owing to the support which it provides for strengthening national capacity in the area of development actions, including those connected with the coordination of bilateral and multilateral cooperation, and to its ability to mobilize and administer resources of other sources of cooperation.

## III. THE COUNTRY PROGRAMME

### A. Assessment of ongoing country programme

28. The fourth programme had four objectives. Out of its indicative planning figure (IPF), 10% was earmarked for economically disadvantaged groups; 19% for better utilization of natural, agricultural and fishing resources; 26% for strengthening the management capacity of the Government; and 45% for incorporating new technologies and developing human resources in the industrial sector, with emphasis on exports.

29. With a view to meeting the first objective, economically disadvantaged groups were trained in the design of production projects and helped to obtain pre-investment credit, which amounted to $68 million. In addition, a massive programme for the construction of 1 440 small drinking-water works and 960 micro-irrigation works was participated in, benefiting 130 000 families.

30. In relation to the second objective, support was provided predominantly to the fishing sector, through the assimilation of new technological production processes; to rural communities, by way of training in prawn farming and in the design of 85 non-agricultural production projects; and to small producers, who were given training concerning results of university research relating to improved meat and milk production.

31. The management capacity of the Government, with a view to the third objective, strengthened the economic sector with a new system of economic and social statistics, the first national study of the services sector and the modernization of the industrial property system. In the Department of Foreign Affairs, the systems of information and communication within the country and in its foreign missions were modernized; support was provided for the mechanisms of coordination of international technical cooperation and, jointly with a UNDP regional project, regional courses on international negotiation were organized.

32. The main thrust in respect of the fourth objective involved strengthening the ties between research and development centres and the private production sector (180 contracts were signed) and proposing the definition of industrial modernization policies and policies of support to small and medium-sized enterprises; applied research; human resources training; and the obtainment of lines of credit for 14 private enterprises in the field of advanced technology, for an investment amount of $145 million.

33. Among the most important changes in the policy and implementation of the fourth programme were the following: the contribution of Government counterparts by way of cost-sharing, which amounted to 30% of the IPF; the incorporation of cost-sharing by third-party countries; joint work with a regional agency such as OAS; the start of the national execution of projects and programmes of direct support to the production sector, with reimbursable cooperation; and, within the framework of technical cooperation among developing countries (TCDC), the expansion of technical cooperation to Latin America and the Caribbean, with emphasis on Central America.

34. Among the factors that interfered with Mexico's deriving the optimum benefit from the resources of the fourth UNDP cycle, the following stand out as most important: the exacerbation of the economic crisis during the final years of the 1980s, resulting in changes in national policies that had a considerable effect on programmes, and the shortage of resources when the anticipated support failed to materialize; the centralization of the operating and administrative procedures of the multilateral cooperation agencies; the relative lack of experience in the country as regards nationally executed projects; and the absence of an integrating mechanism for the monitoring and evaluation of project execution.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

35. The Mexican national programmes of international technical cooperation corresponding to the six priority areas mentioned above, in which the strengths and weaknesses of the country in each of these fields are analysed with respect to the international context, made it possible to identify the relevant areas for national development in which international technical cooperation is important for the country. This resulted in a profile of the projects whereby, through a process of integration, the cooperation proposal for the fifth programme could be formulated.

36. Also, as a result of the analysis of the technical cooperation which the country has conducted and considering the new perspective in which the Mexican Government views this process, it was deemed necessary to strengthen the General Department of Technical and Scientific Cooperation for the purpose of generating mechanisms for specializing Mexico's offer of cooperation more and more, collaborating in TCDC, and designing national execution and evaluation schemes.

## 2. Strategy for UNDP cooperation

37. Mexico seeks, through international technical cooperation, to increase the flow of know-how with countries and institutions, and to strengthen its technical, scientific and productive infrastructure so as to help spur national development capacities and enhance its potential for providing support to other countries. With these aims in view, Mexico proposes to utilize the comparative advantages offered by UNDP, such as: flexibility and speed in allocating resources; the ability to mobilize, catalyse, and administer resources from other cooperation sources; reliability in the handling of resources derived from third parties; expeditious project approval; and impartiality in providing the country with top-quality know-how of any origin. Furthermore, owing to its non-sectoral nature, UNDP is naturally suited for work on intersectoral themes and multidisciplinary projects.

38. In view of the large amount of resources required from international technical cooperation for the most important projects in the portfolio of each of the six national programmes of international technical cooperation, on the one hand, and the small size of the IPF for Mexico, on the other, a strategy has been designed whereby the resources of the fifth UNDP cycle would be used primarily for the preparation of projects which: generate financing from other sources; promote the allocation of additional resources by other agencies and/or countries; serve as a central administrative/financial mechanism for funds of multiple origin; combine traditional-type actions with speedy disbursements for infrastructure works; provide management services in which UNDP acts as supplier of goods and services at the request of the Government; and coordinate efforts by the Government to assess the impact of the technical cooperation programmes - all this, while at the same time endeavours are made to strengthen TCDC, especially between Mexico and Central America, the Caribbean and the rest of Latin America.

39. The foreseeable results of this strategy will contribute toward improving the executing capacity of national institutions, broadening the spectrum of users and beneficiaries of cooperation, and optimizing the catalytic effect of international cooperation in dealing with national weaknesses and developing an integral system that will potentiate the capacity to offer cooperation to other countries.

### 3. Areas of concentration selected for UNDP cooperation

40. Mexico is pleased that its areas of concentration coincide with the programming guidelines contained in General Assembly resolution 44/211 of 22 December 1989 and Governing Council decision 90/34 of 23 June 1990. This identity of objectives is without a doubt a reflection of a high level of international understanding of the world's development problems.

41. The Government proposes to concentrate the cooperation which it receives from UNDP on the following areas: water, ecology and environment; poverty and population; high technology, and the strengthening of technical cooperation. The first three correspond essentially to the aims of the Government in the area of reception of international technical cooperation and represent the implementation of the national programmes defined for the six priorities; and the last comprises the strengthening of Mexico's offer of cooperation, support for TCDC and the execution and global evaluation of the technical cooperation granted or received by Mexico. The specific projects that make up the fifth programme will result from the negotiations which the General Department of Technical and Scientific Cooperation is conducting with the institutions connected with these areas of concentration.

#### Water, ecology and environment

42. In articles 27 and 73 of the Constitution of the United Mexican States, the protection of the environment and the preservation and restoration of the ecological equilibrium are given constitutional status. In order for these precepts to be fulfilled, harmony between socio-economic growth and environmental conservation over a long-range horizon is imperative.

43. In the field of environment, the Government has created the National Ecology Commission for the sectoral coordination of social and governmental work. The National Water Commission, for its part, acts as focal point and sole authority for establishing criteria and outlines of coordination between the programmes and actions of the Federal Government in matters relating to water, and the Mexican Institute of Water Technology deals primarily with technology development and the training of human resources by way of support to the National Water Commission in attaining the goals of the water-resources sector.

44. The Government directs its efforts primarily toward: preparing the necessary human resources, both quantitatively and qualitatively, to improve and develop the area, chiefly in scientific research, technological development and public management; consolidating and developing the hydraulic infrastructure; developing integral programmes of environmental improvement in critical cities, such as the metropolitan areas of the cities of Mexico, Monterrey and Guadalajara, and priority drainage areas and harbours, in particular the Lerma-Chapala-Santiago, Pánuco, San Juan and Balsas rivers and the ports of Coatzacoalcos, Lázaro Cárdenas, Altamira and Guaymas; preventing and controlling pollution in industrial and service branches, especially petroleum, petrochemistry, sugar, iron and steel, the chemical industry and

tourism; and protecting and preserving flora and fauna that are threatened and in danger of becoming extinct.

45. UNDP cooperation will be channeled toward the following lines of action:

(a) Support to international cooperation actions for increasing the national potential for training technicians and professionals in the area and for strengthening the mechanisms for the training, both in Mexico and abroad, of postgraduates who dedicate themselves to research and the development of projects aimed at: (i) the optimization of water resources, mainly in relation to their applications in towns, industries and farm production; (ii) the utilization of watersheds and the full use of hydraulic infrastructure works; and (iii) ecological management and improvement of the country's environment, with encouragement of social participation and the strengthening of existing ties with ecological culture and education programmes;

(b) The generation of projects with a multiplier effect, with stress on the carrying out of studies that make it possible to identify pre-investment projects of importance to the country and the area that propose obtaining resources from bilateral and multilateral sources and financial institutions;

(c) The promotion and support of the transfer of the know-how, technology and experience of other countries, with the organization of joint projects between Mexican and foreign experts to foster the efficient use of natural resources, especially water, including measurement, water-and-soil-resources conservation, reuse of waste water, pollution control, technologies for fringe groups, ecological planning, environmental management instruments, the impact of pollution on health, and the consolidation of decentralized management of this area.

46. Impact of the programme. The principal criteria of success of UNDP cooperation will be an increase in: high-quality human resources; sources and resources for cooperation; and the number of joint projects between Mexican and foreign experts.

47. The total resources allocated to this area of concentration amount to $4.25 million, which is 22.5% of the total. This amount is made up of $2 million in IPF resources, equivalent to 21.2% of the total IPF, and $2.25 million in cost-sharing, i.e., 24.3% of total cost-sharing.

48. Complementary assistance. During the period 1990-1991, complementary assistance amounting to $17.5 million was granted in this area. By way of support to Government efforts, cooperation projects were agreed upon with UNDP, UNIDO, OAS, the World Bank, the European Economic Community, Argentina, Canada, Chile, Colombia, Ecuador, France, Japan, Spain, Sweden, the United Kingdom, the United States and Venezuela. In addition, projects with Argentina, Brazil, Chile, Colombia, Germany and Italy are being negotiated. The areas primarily involved are: ecological impact and environmental risks; environmental management and legislation; pollution of cities and ports; treatment of solid waste; management and conservation of soil and water resources; operation of organizations handling drinking water and sewerage; and water quality.

Poverty and population

49. National objectives. In 1988, the Government created the National Solidarity Programme, the purpose of which is to deal with the urgent needs of the population living in conditions of extreme poverty through three action components: social welfare, in which small-scale works which have a vast social impact are being carried out in the areas of health, education, drinking water and sewerage, housing, and others; production support, channeled through specific support to seasonal and forest producers, coffee-growers, fishermen, agricultural day labourers, natives and women; and regional development, which includes four areas: roads and highways, solidarity funds for socio-economically depressed regions, integral development of ethnic groups, and arid-zone management.

50. UNDP cooperation. The Government proposes to rely on UNDP to back up the above tasks with the following actions:

(a) The linking of international, bilateral and multilateral cooperation with the Solidarity Programme with a view to contributing to the development of communities and population groups through support for the formulation and execution of specific projects for: improving the living conditions of peasant and native groups and residents of popular quarters; promoting balanced regional development and providing conditions for the productive improvement of the standards of living of the population; and promoting and strengthening the participation and management of local authorities and social organizations;

(b) Support for the management of financing with countries and multilateral, non-governmental and financial organizations to increase the resources for the area and promote the intensification and extension of the programme to a larger group of recipients, basically through productive projects relating to development in the areas of agriculture, agribusiness, mining and forestry and in urban popular quarters.

51. Impact of the programme. The principal criteria of the success of UNDP cooperation will be: an increase in the number of bilateral and multilateral technical cooperation projects with a real impact on the aims of the Solidarity Programme; and an increase in the amounts and sources of international financing, chiefly in support of productive projects.

52. The total resources allocated to this area of concentration amount to $3 million, which is 16.0% of the total. This amount is made up of $1.5 million in IPF resources, equivalent to 15.9% of the total IPF, and $1.5 million in cost-sharing, i.e., 16.2% of total cost-sharing.

53. For joint work with the Solidarity Programme, cooperation projects of various natures have been agreed on with international agencies and countries; this meant $23.6 million in complementary assistance during the period 1990-1991. For 1992, a number of projects have been established with specialized agencies of the United Nations system, the Inter-American Development Bank (IDB) and the Latin American Economic System (LAES), and projects are currently being negotiated with Chile, Colombia and Ecuador. All

this will be directed primarily toward supporting rural production projects, the development of enterprises in the social sector, women and children in marginal sectors, day labourers, health actions and municipal development.

High technology

54. National objectives. The Mexican strategy of fitting into the world economy as a medium-sized export power requires taking greater advantage of new technology, with a view to modernizing and increasing the country's production facilities, and being able to meet international standards of competitiveness and production quality.

55. This area of concentration is focused on supporting the country in the acquisition, adaptation and generation of technological innovations, chiefly in the fields of biotechnology, new materials and information technology.

56. In Mexico there are already 44 biotechnology research centres, scattered among institutes of higher learning, public agencies and private enterprises; for the most part, they have not managed to exert an impact on the production system with modern developments or advances in the area of products or processes.

57. In the various fields of information technology, such as informatics, microelectronics and telecommunications, the Mexican market has grown rapidly over the past few years, with strong interaction between the public and private sectors. There do exist in the country various sectors that can be considered advanced in the use of information technology: banking, insurance and financial services; the export manufacturing industry; the institutes of higher education; and radio and television. The electrical, Governmental, tourist and commercial sectors are characterized by an intermediate level of development and use of such technology.

58. Among the new materials, those considered to have greatest relative importance as far as national development is concerned are ceramics, metals, polymers and semiconductors. Among the first three, the country's production and research sectors focus on traditional products, showing little development in the direction of new products and advanced technology. In the area of semiconductors, Mexico offers virgin development territory owing to the tiny size of the local market and the nonexistence of a national semiconductor-materials industry.

59. Mexico is pushing this area of concentration in order to convert it into an element of development, inasmuch as one factor that will vitally affect advancement in the different branches of the national economy will the be the ability to distinguish, adapt, incorporate and possibly generate new processes and products in the country's production sector.

60. The Government is interested in developing projects geared to promoting new value-added services and foreign investment in Mexico for the production of articles with high-technology components.

61. UNDP cooperation will contribute to the development of this area, principally in respect of the following aspects:

(a) Support for the Government's bilateral and multilateral negotiations aimed at increasing training and refresher courses for national specialists through interaction with universities, enterprises and groups that are leaders in advanced technology, with a view to generating joint projects, scholarship programmes, courses, etc., and gaining access to already-formed scientific and technological infrastructures, especially those of the United States, Japan, Europe and Canada;

(b) Support for partnerships with groups and centres in other countries with development levels comparable to that of Mexico, with a view to establishing joint projects for research and the training of specialized human resources;

(c) The design, selection and promotion of cooperation options that provide a basis for transfer of know-how which, in addition to granting access to technological knowledge, has an effect on the overall understanding of the production phenomenon involved, making it possible to deduce driving principles that will favour its more effective application;

(d) The design and promotion of mechanisms that combine the traditional modalities of cooperation with new procedures that favour diversification of protagonists and resource sources, such as countries and international organizations, both for the transfer of knowledge and technology and for the implementation of trade and business options, involving the exploitation of markets by mixed companies, risk financing, the nursing of new enterprises or the investment of capital in specific segments.

62. Impact of the programme. The chief criteria for judging the success of UNDP cooperation will be: an increase in personnel qualified in advanced technology; the carrying out of studies and research in advanced technologies that involve new processes and products for the national production sector; and an increase in foreign investment in the area.

63. The total resources allocated to this area of concentration amount to $6.5 million, which is 34.5% of the total. This amount is made up of $2.5 million in IPF resources, equivalent to 26% of the total IPF, and $4 million in cost-sharing, i.e., 43.2% of total cost-sharing.

64. Complementary assistance. The complementary assistance allocated to this area in the period 1990-1991 was $12.4 million. Cooperation projects are under way with OAS, UNIDO, UNDP and Brazil, and are being negotiated with the European Economic Community, Brazil, Canada, Chile, Colombia, the Democratic People's Republic of Korea, France, Japan, the Republic of Korea, the United States, and Venezuela. These action primarily involve the following areas: vaccine production; drugs and physiological solutions; design of medical and hospital equipment; vegetable and animal biotechnology; genetic engineering; special steels; surface treatments; structural and electro-electronic ceramics; metallic-matrix compound polymer materials; standardization of telecommunications systems; satellite control systems; utilization of applied

fibre optics, electronics and information science; foreign investment in telecommunications components; software development; and informatics culture.

Strengthening of technical cooperation

65. National objectives. Mexico's international action involves a commitment to encouraging economic cooperation, multilateral dialogue and bilateral activity in an effort to identify similar or complementary interests with other countries with a view to supporting national development and achieving international concertation. With this aim, Mexico, through the General Department of Technical and Scientific Cooperation, as coordinating agency in such matters, and through public and private organizations in this area, maintains cooperation programmes with countries in virtually every region of the world, with many of the agencies of the United Nations system, and with international agencies having a regional character.

66. UNDP cooperation. With a view to strengthening this important and complex process, and taking advantage of the country's development in the different areas of knowledge, the Government of Mexico, within a framework of great openness to the outside and in view of the absolute need to develop high standards of international competitiveness, has decided to emphasize three basic lines of action:

(a) Mexican offer of cooperation. The Department of Foreign Affairs presides over the Mexican Commission for Cooperation with Central America, the purpose of which is to strengthening the ties with the countries of this region in every sphere of cooperation. UNDP support in this area began toward the end of 1988 with the project mentioned above, "Support to Mexico's Production and Foreign-Trade Sector". In the fifth programme, Mexico's offering capacity will be increased and the spectrum and quality of technical cooperation toward other developing countries will be broadened, with special emphasis on Central America and the Caribbean;

(b) Technical cooperation among countries similar in terms of development. The Department of Foreign Affairs has both bilateral and regional operating, programming and legal instruments that have enabled it to undertake joint efforts with other countries characterized by similar development. With UNDP support it is hoped that additional mechanisms will be generated to strengthen horizontal cooperation ties with countries of Latin America, the Pacific watershed area and Central Europe;

(c) Capacity for national execution, evaluation and monitoring of cooperation. In view of the need for Mexico to assume growing responsibility in the execution of projects as well as in the evaluation of the results and operations of technical cooperation, the Department of Foreign Affairs recently decided to create a specialized unit for that purpose. The aim is to strengthen this tool with UNDP support with a view to developing expeditious, permanent mechanisms to advance and strengthen the process of national project execution, establish monitoring and evaluation policies and procedures that will make it possible to adapt or reorient technical cooperation actions in their totality, and promote the training of professionals to speed up the preparation and execution of the offer of Mexican cooperation.

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67. Impact of the programme. The main criteria of success in the strengthening of technical cooperation will be the amelioration of and increase in Mexico's offer of technical cooperation, the strengthening of the executive capacity of national institutions, and the adoption of permanent systems of programme and project execution and evaluation.

68. The total resources allocated to this area of concentration amount to $4.5 million, which is 23.9% of the total. This amount is made up of $3 million in IPF resources, equivalent to 31.2% of the total IPF, and $1.5 million in cost-sharing, i.e., 16.2% of total cost-sharing.

69. Complementary assistance. During the period 1989-1991, $4.7 million in complementary assistance was earmarked for this area, and for 1992 $4.6 million has been set aside. This area of concentration will receive resources from the Mexican Commission for Cooperation with Central America, resources from country participation within the framework of TCDC, and UNDP Special Programme Resources.

## C. Cooperation outside selected areas of concentration

70. The Government deems it necessary to have a reserve of resources, not to exceed 5% of the IPF, in order to meet needs that will unquestionably arise from national dynamics and are difficult to foresee at this time.

## D. Implementation and management arrangements

71. For the execution of the fifth programme, a number of instruments, including the following, have been provided: (i) the Government's General Department of Technical and Scientific Cooperation, through its three substantive departments of supply, demand and horizontal cooperation, coordinates the negotiation and execution of multilateral and bilateral cooperation programmes; a unit for the monitoring and evaluation of the national execution of technical cooperation projects is in operation; (ii) a newsletter for information regarding events in technical cooperation is about to be started; (iii) a training programme is being developed for institutions and persons acting as international cooperators; and (iv) the technical-cooperation information system is in process of development and modernization. Furthermore, the principal management mechanisms will be: evaluation missions in addition to the tripartite meetings; evaluation committees consisting of associations, representing the participation of the society and the institutions and sectors involved; and the establishment of cooperation attachés in some Mexican diplomatic missions in other countries.

72. With a view to ensuring the attainment of the objectives of this programme, the Department of Foreign Affairs and UNDP have agreed to work within a programme approach that will make it possible to optimize resources and coordinate the efforts of all the sectors involved. For this purpose, criteria for the selection of the projects to be financed will be applied, the following considerations being taken into account:

(a) The national-project-execution modality will be applied to the fullest, care being taken to strengthen the Government's capacity to assume all the functions which this modality involves. With a view to this, The Department of Foreign Affairs, with UNDP support, is developing a set of regulations to be followed in this modality.

(b) TCDC will be increased within projects, as an economic mechanism for taking advantage of experience from within the region and without.

(c) In view of the scant resources available under the IPF, an increase in inputs in convertible currency will be sought from the national institutions benefiting from the projects, and the use of foreign exchange for the administrative costs of projects will be confined to a minimum.

(d) Every effort will be made to ensure that projects are plugged into key areas of national institutions, so that the results materialize in regular post-project activities carried out with national funds.

73. The participation of specialized agencies of the United Nations system will take place in the execution of highly specialized components, through high-level consultations of short duration on specific aspects having a catalytic effect on the development of national capacity.

74. Inasmuch as the areas of primary interest coincide with the priorities fixed by UNDP for its regional programme, national projects will be linked to the regional and interregional programmes of UNDP.

75. By means of a system of project evaluation and monitoring supplementary to the system in operation in UNDP, the Department of Foreign Affairs, as cooperation coordinator, will endeavour to assure greater efficacy in achieving the programme's objectives and, consequently, a higher impact in the different areas: institutional, social, political, economic and ecological.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

| | | |
|---|---|---|
| Carry-over from fourth cycle IPF | 162 | |
| Fifth cycle IPF | 9 445 | |
| Subtotal IPF | | 9 617 |
| Project cost-sharing (Government) | 9 250 | |
| Project cost-sharing (Third party) | - | |
| Programme cost-sharing | - | |
| Subtotal cost-sharing | | 9 250 |
| TOTAL | | 18 867 |

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

| Area of concentration | IPF | Cost-sharing a/ | Total | Percentage of total resources |
|---|---|---|---|---|
| Water, ecology and environment | 2 000 | 2 250 | 4 250 | 22.5 |
| Poverty and population | 1 500 | 1 500 | 3 000 | 15.9 |
| High technology | 2 500 | 4 000 | 6 500 | 34.5 |
| Strengthening of technical cooperation | 3 000 | 1 500 | 4 500 | 23.9 |
| Subtotal | 9 000 | 9 250 | 18 250 | 96.8 |
| Unprogrammed reserve | 617 | 0 | 617 | 3.2 |
| TOTAL | 9 617 | 9 250 | 18 867 | 100.0 |

a/ Proposed target figures, which would mean nearly 50% cost-sharing. Notice of the actual values of these figures will be given in due time, when national negotiations have reached a more advanced stage.

/...

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

| | | |
|---|---|---|
| A. UNDP-administered funds | | |
| SPR | 200 | |
| UNCDF | - | |
| UNSO | - | |
| UNIFEM | 500 | |
| UNRFNRE | - | |
| UNFSTD | - | |
| Global Environment Facility | 3 000 | |
| Subtotal | | 3 700 |
| B. Other United Nations resources a/ | | |
| JCGP participating agencies | | |
| UNFPA | 12 800 | |
| UNICEF | 20 000 | |
| WFP | 45 600 | |
| IFAD b/ | 35 000 | |
| Other United Nations agencies (non-UNDP financed) | 22 000 | |
| Subtotal | | 135 400 |
| Total non-core and other United Nations resources | | 139 100 |
| C. Non-United Nations resources | | - |
| TOTAL | | 139 100 |

a/ Provisional estimated resources, to be adjusted on the basis of national negotiations with each of the participating agencies.

b/ Resources derived from an IFAD loan to the Government of Mexico.

Annex II

PROGRAMME MATRIX

| | Area of concentration | Area of focus a/ | | | | | |
|---|---|---|---|---|---|---|---|
| | | Poverty eradication and grass-roots participation | Environment and natural resource management | Management development | TCDC | Transfer and adaptation of technology | WID |
| I. | WATER, ECOLOGY AND ENVIRONMENT | | | | | | |
| | Research and development of public management and water projects | | * | * | | * | * |
| | Environmental improvement in metropolitan areas, watersheds and harbours | * | * | | | * | |
| | Utilization of watersheds | | * | | | | |
| | Ecological management | | * | | | | |
| II. | POVERTY AND POPULATION | | | | | | |
| | Social welfare | * | | | | | * |
| | Production support | * | | | | | * |
| | Regional development | * | | * | | | |
| III. | HIGH TECHNOLOGY | | | | | | |
| | Biotechnology | | | | | * | |
| | New materials | | | | | * | |
| | Informatics | | | * | | * | |
| VI. | STRENGTHENING OF TECHNICAL COOPERATION | | | | | | |
| | Mexico's offer of cooperation | | | * | * | | |
| | Technical cooperation between countries characterized by similar development | | | | * | | |
| | Capacity for national execution, evaluation and monitoring of cooperation | | | * | | | |

a/ Asterisks indicate major linkage only.